

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2001-461

July 31, 2001

MAINE PUBLIC UTILITIES COMMISSION  
Inquiry into Terms and Conditions Governing  
Line Extensions Built by Persons Other than  
Transmission and Distribution Utilities

NOTICE OF INQUIRY

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WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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**I. SUMMARY**

In this Notice of Inquiry (NOI) we initiate an inquiry to obtain information relevant to developing the Maine Public Utilities Commission's (Commission) rule that will govern the terms under which private contractors<sup>1</sup> may construct electrical line extensions. The rule will also determine the allocation of payments among multiple customers that receive service through an electrical line extension.

**II. BACKGROUND**

During the first session of the 120<sup>th</sup> Legislature, four bills<sup>2</sup> were introduced that would have affected requirements for Maine's transmission and distribution (T&D) utility line extension policies. After consideration of the issues in all four bills, the Legislature enacted legislation - An Act Concerning Private Line Extensions, P.L. 2001, ch. 201<sup>3</sup> - that addresses the following line extension terms, conditions and procedures:

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<sup>1</sup> For the purposes of this NOI, "private contractor" means a person who is not acting as the employee of a public utility and who is constructing a line extension under a contract with a private (i.e., non-utility) person. The term "utility employee" means a person who is constructing a line extension under the direction of a T&D utility, either as an employee of the utility or as a contractor hired by the utility.

<sup>2</sup> LD 288, An Act to Clarify Access to Private Lines in a Public Way; LD 840, An Act to Streamline Installation of Private Electrical Lines; LD 910, An Act to Provide Opportunity for Affordable House Lot Development; and LD 1059, an Act Concerning Private Line Extensions Provided by Central Maine Power Company. LD 910 was enacted as P.L. 2001, ch. 201 (and includes some of the provisions of LD 840 and LD 1059) and is the subject of this NOI. LD 288 was enacted as P.L. 2001, ch. 110 and is not the subject of this NOI.

<sup>3</sup> The text of the legislation is set forth in Appendix A to this Notice.

1. standards<sup>4</sup> for the construction of electric lines, the extent to which standards may differ for lines constructed by a utility employee and lines constructed by a private contractor, and the extent to which standards may differ among T&D utilities;
2. terms for transferring the ownership of a line from a private owner to a T&D utility;
3. the mechanism for ensuring that a private contractor meets minimum qualifications (optional in the rule); and
4. apportionment of line extension costs among persons taking service through the line.

In addition, the Commission must examine the minimum qualifications for private contractors and mechanisms for ensuring that the qualifications are met. The Commission must implement the law's provisions through a rulemaking. The rule will be a major substantive rule pursuant to Title 5, Chapter 375, subchapter II-A and must be submitted to the Joint Standing Committee on Utilities and Energy by February 1, 2002.

Each utility is responsible for maintaining a safe, reliable distribution system. To ensure safety and reliability, various standards govern line extension construction. Utilities' line extension procedures are contained in their terms and conditions (T&Cs). Some utilities publish documents that describe the standards or procedures they require for line extension construction. National standards include the National Electric Safety Code (NESC), the National Electric Code (NEC) and the Rural Utilities Service (RUS) standards. Appendix B lists the means for obtaining these documents. Finally, Maine's Electricians' Examining Board (EEB) licenses persons performing electrical work and Maine's Board of Registration for Professional Engineers licenses professional engineers.

### III. ISSUES FOR COMMENT

In preparation for the rulemaking, we invite interested persons to comment on the following issues, as they relate to the construction of line extensions by private contractors. Interested persons should refer to Chapter 201 to obtain additional context when answering these questions.

#### A. Standards for the Construction of Electric Lines

*Question 1:* In what ways do the following standards differ? Under what circumstances should each be followed when constructing line extensions?

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<sup>4</sup> For the purposes of this proceeding, "standard" means any guideline, rule, or procedure that a utility or other entity uses to govern the construction of a line extension.

- a. NESC;
- b. NEC;
- c. RUS;
- d. the standards of any utility with which the respondent is familiar;  
and
- e. any other standards with which the respondent is familiar.

*Question 2:* Regarding the utilities with which the respondent is familiar:

- a. In what ways do standards for line extensions built by utility employees differ from standards for line extensions built by private contractors?
- b. In each instance, explain the reason for the difference, or explain why there should be no difference.
- c. In each instance, explain whether and where the standards are documented and how the standards are enforced.

*Question 3:* Regarding the utilities with which the respondent is familiar: please describe standards required for that utility that are not appropriate and explain why.

*Question 4:* To what extent should the Commission or any other entity approve each standard required by electric utilities? In particular, please answer the following questions:

- a. What mechanism is most effective and efficient for carrying out an approval process? (e.g., should each written standard be approved by the Commission or by a licensing board, or should either the Commission or a licensing board merely provide input to the standards?)
- b. To what extent is Commission approval currently obtained?

*Question 5:* Are there conditions that should be met, in addition to the standards, before a utility energizes a privately built line extension?

**B. Procedures for Implementing Standards**

*Question 6:* What procedures exist, or should exist, to ensure that utilities implement standards correctly and equitably? In particular, please answer the following questions in two ways – as procedures exist now and as they should exist:

- a. Should all standards be in writing?
- b. Should all written standards be available to the public at no charge?  
How should this be accomplished?

- c. When a utility prohibits a private contractor from implementing a construction practice (or refuses to energize a line built by a private contractor), should the utility be required to explain its action in writing?
- d. What mechanisms should exist to resolve disputes between customers (or contractors) and the utility? (e.g., should there be a single point of contact at the utility? Should there be a formal reporting process whereby a customer can report a complaint to the Commission? Should the licensing board deal with standards disputes and the Commission deal with procedure disputes?)

C. Terms for Transferring Ownership of a Line

*Question 7:* Currently, the owner of a privately owned line extension (regardless of who constructed the extension) must transfer ownership of the line extension to the utility before a second customer may receive service from the line. What terms and conditions should be met when the line is transferred? In particular, please address the following questions:

- a. What are the significant issues regarding the private owner's reimbursement of the utility for the Contribution in Aid of Construction (CIAC)?
- b. Currently, when a non-utility owner of a line extension transfers ownership to a utility, the utility does not fully reimburse the private owner for the expense of building the line. Are there any circumstances under which this policy should change?
- c. Should terms of the transfer differ for different types of lines (e.g., for lines in a public vs. a private way, for overhead vs. underground lines)?

D. Mechanism for Ensuring that a Private Contractor Meets Minimum Qualifications

*Question 8:* What is the most effective mechanism for ensuring that a private contractor is qualified to construct electric line extensions? In particular, please address the following questions:

- a. Should private contractors be required to obtain a license?
- b. If so, is the State's Electrician's Examining Board the appropriate licensing agency? Is there an existing license that is adequate for private contractors, or should a new license be developed?
- c. What functions should the license cover? (e.g., electrical work, construction, engineering)
- d. What means should the licensing board (or any other entity) use to ensure that private contractors conform to their operational requirements?

*Question 9:* What is the most effective mechanism to ensure that lines built by private contractors are safe, deliver reliable power, and integrate adequately into the utility's delivery grid? In particular, please address the following questions:

- a. Should a person other than the private contractor *design* the line extension? If so, who should that person be?
- b. Should a person other than the private contractor *oversee* the construction of the line extension? If so, who should that person be?
- c. Should a person other than the private contractor *inspect and certify* the line extension after it is built? If so, who should that person be?

*Question 10:* To the extent not covered in Questions 8 and 9, please discuss the role, if any, that a professional engineer should play in the construction of a private line extension.

E. Apportionment of Line Extension Costs among Persons Taking Service through the Line

*Question 11:* What is the best method for apportioning the costs of building a line extension among the customers receiving service over the line? In particular, please discuss the following issues:

- a. What method is most equitable to customers, and why?
- b. How administratively difficult is any particular method? Please assign a cost to the administrative process if possible. Utilities should describe the level of effort to carry out their current method.
- c. Are there reasons that the apportionment method should differ among utilities?

F. Authority to Build Line Extensions

*Question 12:* Under current law and regulation, there is a competitive marketplace for line extension construction. However, one competitor – the T&D utility – establishes the standards and determines whether each competitor meets the standards. This situation creates the potential for conflict among market participants. Would the marketplace for line extension construction operate more efficiently and equitably if the utility were prohibited from building line extensions or if the utility were allowed to construct line extensions only through an unregulated subsidiary?

G. Miscellaneous

*Question 13:* Are there any other issues regarding line extension policies the Commission should consider as it develops the rule required by P.L. 2001, Ch. 201?

**IV. CONCLUSIONS**

Interested persons may participate in this inquiry by filing a letter stating their interest. The letter should be addressed to Dennis L. Keschl, Administrative Director, should include Docket No. 2001-461 and should be filed no later than August 8, 2001. The Commission will then issue a service list. In addition, interested persons may submit written responses to this Notice no later than August 17, 2001. To the extent possible, commenters should identify the question number contained in this NOI to which they are responding. The Commission will open a rulemaking in this matter after considering the comments received through this Inquiry.

Dated at Augusta, Maine, this 31<sup>st</sup> day of July, 2001.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
   Nugent  
   Diamond

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.

## APPENDIX A – Text of P.L. 2001, Ch. 201

## STATE OF MAINE

IN THE YEAR OF OUR LORD  
TWO THOUSAND AND ONE

S.P. 263 – L.D. 910

## An Act Concerning Private Line Extensions

Be it enacted by the People of the State of Maine as follows:

Sec. 1 35-A MRSA §314 is enacted to read:

**§314. Private line extensions**

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. “Line” means an electric distribution line, including poles and other related structures.

**2. Standards for private lines.** The commission shall by rule establish standards for the construction of a line by a person other than a transmission and distribution utility. The rules:

A. Must establish standards for the construction of lines. The commission may establish different standards in different transmission and distribution utility territories. The standards must be the same as the standards that would apply if the transmission and distribution utility in whose territory the line is constructed built the line unless there are compelling public safety reasons for applying different standards. If these standards and any other reasonable conditions established by the commission are met, a transmission and distribution utility may not refuse to connect the line to the utility’s system or to deliver energy over the line;



B. Must establish terms and conditions for transferring the ownership of a line to a transmission and distribution utility. The rules may establish a requirement that certain types of lines, lines under certain conditions, or lines in certain locations, such as lines located in the public way, must be transferred to the transmission and distribution utility; and

C. May require that a person that is not a transmission and distribution utility that constructs a line meet minimum qualifications established or approved by the commission.

**3. Apportionment of costs of line extensions.** The commission shall adopt rules establishing requirements for apportioning the costs of a single-phase overhead line extension among persons who take service through the line after the construction of the line. The commission may provide for exemptions from the apportionment methodology established by the commission for any transmission and distribution utility that petitions the commission for an exemption and establishes to the satisfaction of the commission that the transmission and distribution utility's apportionment methodology adequately serves the public interest and balances competing interests of customers.

**4. Lines constructed in the public way.** Nothing in this section or rules adopted under this section limits the application of section 2305 to any line constructed in a public way.

**5. Submission of rules.** Rules adopted pursuant to this section are major substantive rules as defined in Title 5, chapter 375, subchapter II-A and must be submitted to the Legislature for review no later than February 1, 2002.

**Sec. 2. Public Utilities Commission examination of minimum qualifications of line constructors.** The Public Utilities Commission shall examine whether minimum qualifications should be established for persons who construct private line extensions and if so, how the qualifications should be established and what mechanisms are most appropriate for ensuring the qualifications are met. The commission shall, with any rules submitted to the Legislature pursuant to the Maine Revised Statutes, Title 35-A, section 314, submit a report to the Joint Standing Committee on Utilities and Energy on the commission's findings and recommendations under this section.

**APPENDIX B – Obtaining T&D Utility Standards**

Standards governing the construction of electric line extensions may be obtained, when available, from the following sources:

Bangor Hydro-Electric: Dean Denis, Sr., 973-2581, [ddenis@bhe.com](mailto:ddenis@bhe.com)

Central Maine Power Company: Gary Ricci, 623-3521, [gary.ricci@cmpco.com](mailto:gary.ricci@cmpco.com)

Eastern Maine Electric Cooperative: Scott Hallowell, 454-7555,  
[scotth@nemaine.com](mailto:scotth@nemaine.com)

Fox Islands Electric Cooperative: Dave Folce, 863-4636

Houlton Water Company: John Clark, 532-2259

Isle-au-Haut Electric Company: 335-2991

Kennebunk Light & Power District: Sharon Staz, 985-3321

Madison Electric Works: Marty Berry, 696-4401

Matinicus Plantation Electric: 366-3970

Maine Public Service Co: William Cyr, 768-5811, [bcyr@mainepublicservice.com](mailto:bcyr@mainepublicservice.com)

Swans Island Electric Cooperative: Rocky Porter, 526-4336

Van Buren Light & Power District: Skip Dumais, 868-3321

RUS standards: [www.usda.gov/rus/electric/index.htm](http://www.usda.gov/rus/electric/index.htm)